

**DIRECT TESTIMONY OF  
RONALD D. STAFFORD  
ICC DOCKET NO. 00-0488**

CHIEF CLERK  
JUL 10 8 57 AM '00

ILLINOIS  
COMMERCE COMMISSION

**APPLICATION OF ILLINOIS-AMERICAN WATER COMPANY  
FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE  
AND NECESSITY TO OPERATE AN EXTENSION OF ITS WATER  
DISTRIBUTION SYSTEM IN MADISON COUNTY, ILLINOIS**

1       **Q.**     Will you please state your name, business address, and telephone number  
2               for the record.

3       **A.**     My name is Ronald D. Stafford and my business address is 300 North Water  
4               Works Drive, Belleville, Illinois 62223, phone number (618) 239-2239.

5       **Q.**     What positions do you hold with Illinois-American Water Company  
6               ("Illinois-American" or "the Company")?

7       **A.**     I am Director of Rates and Revenue and serve as Assistant Treasurer and  
8               Assistant Secretary.

9       **Q.**     What is your professional education in the fields of accounting and utility  
10              regulation?

11      **A.**     I am a graduate of Ball State University with a Bachelor of Science Degree in  
12              Accounting. I also have earned a Masters Degree in Business Administration,  
13              with concentrations in Management and Finance from Southern Illinois  
14              University at Edwardsville.

15      **Q.**     Are you a Certified Public Accountant?

16      **A.**     Yes. I am licensed in the State of Illinois.

1           **Q.    Have you participated in additional educational activities?**

2           **A.    Yes. I have attended various seminars, including the Seminar on Water Utility**  
3                   Regulation sponsored by the National Association of Regulatory Utility  
4                   Commissioners. I have also participated in continuing education programs  
5                   sponsored by American Water Works Service Company, Inc., an affiliate of  
6                   Illinois-American.

7           **Q.    Please discuss your employment experience.**

8           **A.    I began my employment with American Water Works Service Company in**  
9                   Richmond, Indiana as an Accountant in September 1981. In May 1983, I was  
10                  promoted to the position of Rate Analyst and in July 1986, I was promoted to  
11                  the position of Senior Rate Analyst. In May 1990, I was promoted to the  
12                  position of Revenue Requirement Specialist and remained in that position with  
13                  the Service Company until my promotion to Assistant Director of Rates and  
14                  Revenue for Illinois-American in October 1993. I was named an Assistant  
15                  Treasurer of Illinois-American in December 1993 and Assistant Secretary in  
16                  January 1994. In January 1996, I was promoted to the position of Director of  
17                  Rates and Revenue.

18          **Q.    Have you testified before any other regulatory commissions?**

19          **A.    Yes. I have previously presented testimony on accounting, rate, and financial**  
20                  matters before this Commission, the Iowa Utilities Board, the Missouri Public  
21                  Service Commission and the Public Utilities Commission of Ohio.

1           **Q.     Please summarize your responsibilities as Director of Rates and Revenue.**

2           **A.**     My responsibilities primarily involve the preparation and presentation of  
3                   applications for rate adjustments and other correspondence with the Illinois  
4                   Commerce Commission (the "Commission"). I also am responsible for budget  
5                   preparation and financial analysis.

6           **Q.     What is the purpose of your testimony in this proceeding?**

7           **A.**     The purpose of my testimony is to address the financial aspects of an  
8                   expansion of the Company's certificated area, bordering the intersection of  
9                   Interstates 162 and 255 near Granite City, Illinois. This area currently borders  
10                  an area previously certificated to the Company which is being provided service  
11                  by the Interurban District of the Company's Southern Division.

12          **Q.     What are the Company's plans regarding service to this area?**

13          **A.**     As discussed more fully in the testimony of Ms. Cooper, Illinois-American is  
14                  seeking permission to provide water service to a mobile home park that will  
15                  consist of 341 mobile homes and 10 commercial service connections. A  
16                  portion of this planned service area, consisting of 141 mobile homes and 10  
17                  commercial service connections, is within the Company's currently certificated  
18                  area, as approved in Docket No. 84-0204. Service to the remaining 200 mobile  
19                  homes falls outside of the Company's currently certificated area and is the  
20                  subject of this proceeding.

21          **Q.     What rates, rules and regulations will be applicable to customers within**  
22                  **the area requested to be certificated in this proceeding?**

1           A.     Those customers will be subject to the tariff rates, rules and regulations on file  
2                   from time to time and applicable to the Interurban District of the Southern  
3                   Division of Illinois-American.

4           **Q.     How will the main extension be financed?**

5           A.     Financing for the 8" main needed to provide service to the above-mentioned  
6                   customers is being provided by the developer. As discussed further by Ms.  
7                   Cooper, the Company proposes to increase the main size from 8 inches to 12  
8                   inches in order to improve necessary water service to the Company's Arlington  
9                   service area. The Company will finance the additional cost to increase the  
10                  main size from an 8" to a 12" main initially with internally generated funds  
11                  and/or short-term bank debt.

12          **Q.     Is the calculated developer contribution in accordance with the rules set**  
13                  **forth in 83 Ill. Admin. Code 600.370?**

14          A.     No. Waiver is requested in the Petition from the application of such rule, on  
15                  the basis that no connections will be made immediately upon connection of the  
16                  main proposed to be constructed hereunder; but the developer has represented  
17                  that two hundred (200) residential connections will be made shortly thereafter;  
18                  and that an additional sixty (60) residential units are planned within five (5)  
19                  years thereafter, aggregating two hundred sixty (260) residential units. Thus,  
20                  the rule set forth in Part 600.370 does not provide an adequate basis for  
21                  measuring the cost of the proposed service to the Company's current  
22                  customers.

1           **Q.     What rates will be charged by the Company for providing water service to**  
2           **the customers of the area?**

3           **A.     The rates which are in effect for its Interurban District from time to time as**  
4           **approved by the Illinois Commerce Commission.**

5           **Q.     Does this conclude your direct testimony?**

6           **A.     Yes, it does.**